

## FISCAL YEAR 2003-04 BUDGET REQUESTS

Listed below are the budget request priorities for the fiscal year beginning July 1, 2003 and ending June 30, 2004. These request represent, in part, how the Commission plans to address some of the important issues facing the higher education community in South Carolina. The budget requests are part of the Commission's continuing efforts to align available resources to our stated goals and objectives. The process of identifying the resources required to advance higher education in the state is undertaken annually. If approved, these requests will be formally incorporated into the state's budget evaluation process. It should be noted that funding for these projects compete for the same dollars requested by other state agencies and are evaluated based on the services and programs required for all of our citizens.

| <i>Summary of Increases to Budget Requests for<br/>FY 2003 – 2004</i> |   |                      |
|---|---|----------------------|
| Priority No.: 1   | Access & Equity   | \$250,000            |
| Priority No.: 2   | Teacher Education Quality Assurance Review                          | 100,000              |
| Priority No.: 3   | CHEMIS  | 2,000,000            |
| Priority No.: 4   | Southern Regional Education Board                                   | 341,456              |
| Priority No.: 5   | Gaining Awareness and Readiness for Undergraduate Programs (GearUP) | 400,000              |
| Priority No.: 6   | Statewide Electronic Library  | 5,087,485            |
| Priority No.: 7   | Academic Endowment Incentive  | 4,378,468            |
| Priority No.: 8   | Leadership Conference (Palmetto Project)                            | 50,000               |
| Subtotal:   |   | <b>\$12,607,409</b>  |
| Lottery 1 - Request for Lottery Funds                                 |   | <b>165,987,600</b>   |
| Total:  |   | <b>\$178,595,009</b> |

**Staff recommends that Items 1-8 and the Lottery Item be approved. Please note, the Committee on Finance and Facilities is scheduled to meet prior to the Commission meeting on September 5 and has not yet acted on these items. However, staff recommendations are included for your information.**

**Priority No.: 1**  
**Access & Equity**

Responsible states in the Southeast and throughout the country have recognized that the task of providing full Access & Equity has yet to be completed. The SC Commission on Higher Education is requesting an increase of \$250,000 for Access & Equity for FY 2003-04.

Given that South Carolina has not achieved parity in the percentage of minority students who attend and graduate from public colleges and universities in comparison with the composition of the state population, the higher education program for Access & Equity is essential. The contributions of minority citizens are essential in order to avoid future compromises in the quality of life and lower standards of living for South Carolinians and other Americans. The status of minorities in higher education still reflects a condition where African Americans are underrepresented in undergraduate and graduate enrollments and in professional positions of employment. Included as a part of this request is the initiation of the College Preparedness Model - a proactive approach to prepare students in the State for entry into college, retention while enrolled, graduation, and empowering future employment.

| Current Funding - FY 03 | Requested Increase for FY 04 | Total Funding Requested |
|-------------------------|------------------------------|-------------------------|
| \$762,324               | 250,000                      | \$ 1,012,324            |

## **Priority No.: 2**

### **Teacher Education Programs Quality Assurance Review**

Existing academic review is a long-standing Commission activity that serves as an ongoing check on the quality and efficiency of the state's instructional programming. By gauging the health of all teacher education taught at the public institutions in the state on an eight-year cycle, program review is also an effective tool in helping the Commission and the institutions to plan better the state's academic program array.

The review of existing teacher education programs is a critical component of the Commission's statewide mission of ensuring quality and integrity of degree programs; identifying exemplary programs as well as programs in need of strengthening; ensuring appropriate program productivity and availability; and serving as a strategic planning device for determining present and future need of specific discipline areas (i.e., new program development), including resources such as facilities and equipment, providing a comparative analysis of the level of development and overall quality of programs measured against programs external to the State. The evaluation process is both formative and summative. It involves the preparation of institutional self-studies; site visits conducted by external peer reviewers; and a final report for each discipline area, visited once every eight years assuming this budget request is honored, in which reviewers make recommendations for change; place programs on probation with stipulation for improvement; or terminate programs.

In FY 2003-2004, the Commission must participate, under the State's three-way partnership with the State Department of Education and the National Council for Accreditation of Teacher Education, in the joint evaluation and accreditation of eight teacher education programs under rigorous new standards. The Commission's participation is vital to ensure appropriate institutional responsiveness to findings and links to performance funding.

| Current Funding – FY 03 | Requested Increase for FY 04 | Total Funding Requested |
|-------------------------|------------------------------|-------------------------|
| \$0                     | 100,000                      | \$ 100,000              |

**Priority No.: 3**  
**Commission on Higher Education Management Information**  
**System (CHEMIS)**

The Commission on Higher Education's strategic plan requires a significant amount of information from public and independent institutions, including four-year universities and colleges, two-year branches of the University of South Carolina as well as two-year independent institutions, the State Technical Education system, and Research institutions.

The CHE is at a critical juncture in data and information management. The Commission must move to the next level of information management. This will enable the agency to continue to fulfill its mission in light of current technology changes. Advances in data management will be the solution for the traditionally time-consuming approach to information delivery. By developing a Data Mart with web-based Decision Support capability, the Commission will provide both internal and external users with an easier method to query and list data. The updated CHEMIS will allow for the intuitive organization of information (information that makes sense to an individual, rather than a computer) and allow direct user access to data for query and extraction (so that users have timely information with less need for technical assistance from staff) . The updated CHEMIS will serve as a platform for easy report generation through the use of various reporting tools.

The practical benefits of an updated CHEMIS will be increased productivity, direct user query/extract capability, fewer spreadsheets, and reduced data collection/entry/management. The update will provide better information, more data available, reduced error potential and improved analysis, faster query turn-around, easy query iteration with more data than is currently possible. This translates directly into more efficient research and improved analysis capacity. An updated CHEMIS will provide enhanced service opportunities for all constituencies.

| Current Funding – FY 03 | Requested Increase for FY 04 | Total Funding Requested |
|-------------------------|------------------------------|-------------------------|
| \$0                     | 2,000,000                    | \$ 2,000,000            |

**Priority No.: 4**  
**Southern Regional Education Board (SREB)**

These funds will cover the contract fee increases for students in specified degree programs not offered in South Carolina and the required increase in SREB membership dues for the State. The SREB's contract program offers students pursuing professional health degrees admission in other state institutions of higher learning at the same costs of in-state tuition and at a reduced tuition rate for private institutions.

This program helps South Carolina resident students access graduate programs in the fields of optometry and veterinary medicine which are not offered in the State. Participating states pay colleges and universities the differential between in-state and out-of-state tuition for a designated number of reserved slots to guarantee student access to programs not available in the home state; meanwhile the State avoids the expense of building and staffing these professional schools.

| Current Funding - FY 03 | Requested Increase for FY 04 | Total Funding Requested |
|-------------------------|------------------------------|-------------------------|
| \$1,433,544             | 341,456                      | \$ 1,775,000            |

**Priority No.: 5**  
**Gaining Early Awareness and Readiness for Undergraduate**  
**Programs (GEAR UP)**  
**Matching Funds**

The SC Commission on Higher Education is requesting a total of \$1,000,000 in recurring funds for the GEAR UP Program for FY 2003-04. Funds appropriated for the State GEAR UP shall be used for state grants programs to reach disadvantaged middle school students to improve their preparation for college. The funds will be used to match Federal GEAR Up funds (\$2,094,137) awarded to the State for FY 2003-2004.

The SC GEAR Up program helps disadvantaged children, beginning in the middle grades, to prepare for and get on the pathway to achieving success in college. This program is designed to develop partnerships with businesses, middle schools, high schools, and higher education institutions to assist middle school students prepare for college. Building on research and proven practices, the GEAR UP program will help sixth and seventh graders and their families plan and prepare for college by offering comprehensive strategies including counseling, tutoring and mentoring to help students achieve in higher mathematics and other gateway college preparation courses, and by offering scholarships as well as information about college and financial aid options.

| Current Funding – FY 03 | Requested Increase for FY 04 | Total Funding Requested |
|-------------------------|------------------------------|-------------------------|
| \$600,000               | 400,000                      | \$ 1,000,000            |

**Priority No.: 6**  
**Statewide Electronic Library**

There is a compelling reason for South Carolina to promote a multi-year effort to increase the effectiveness of its higher education academic libraries by investing in their capacities to assure their users fast and far-reaching access to electronic databases, full-text retrieval and collection sharing through uniform cataloguing. Without this effort, South Carolina will fall further behind its neighbors in the Southeast, a fact which will imperil the State's ability to realize the vision found in Act 359 of having a globally competitive higher education system.

Specifically, the project will implement a statewide electronic library with the following components:

Replace failing on-line catalogs at eight institutions with new library management software.

Provide on-line connectivity among all public academic libraries for the creation of a "virtual library."

Secure license agreements for and implement needed high-level databases for academic libraries, allowing the smallest of libraries to have equal access to vast stores of electronic journals and e-books.

Create access to library resources through high-speed delivery using scanning software and delivery courier services.

Provide the infrastructure to coordinate library sharing and cooperative purchasing so the State can realize major cost avoidance from duplicate library purchases. An executive director to manage and coordinate the effort and two technical experts to maintain the systems will be the core of the infrastructure.

The request for funding of this project which is presented here represents the costs for the first year of the program's operations only. Every state which has engaged in a statewide virtual library has done so on a multi-year, continuous cycle. The purpose of statewide funding is to level the playing field so that institutional financial constraints and limited local library resources are not barriers to accessing information for users of these libraries. Through this cooperative effort, users of the smallest academic libraries in the most remote areas of the state will have access to the same sophisticated electronic databases and other traditional library materials currently available only at the state's largest universities.

| Current Funding - FY 03 | Requested Increase for FY 04 | Total Funding Requested |
|-------------------------|------------------------------|-------------------------|
| \$0                     | 5,087,485                    | \$ 5,087,485            |

**Priority No.: 7**  
**Academic Endowment Incentive**

The purpose of this Endowment is to further the State's efforts to promote the intellectual development of its citizens and to enhance statewide economic development through initiatives in higher education. This request is for the fifth year of a \$5 million target.

The South Carolina Academic Endowment Incentive Act of 1997 required the Commission to establish procedures to administer the program. Commission responsibilities include the establishment of the South Carolina Higher Education Matching Gift Fund and institutional endowments for purposes of this program, program oversight, policies and procedures for provision of matching funds to qualified colleges and universities, submission and documentation of requests for matching State funds, disbursements to qualified colleges and universities, applications to receive matching State funds, transfer of funds to qualified institutions, reports on earnings, gifts or donations used for the purposes of this program, and forwarding and retaining unused funds and earnings to the next fiscal year. The purpose of the fund is to promote the intellectual development of the State's citizens and to enhance statewide economic development through initiatives in higher education by providing incentives to individuals, corporations, or private funding organizations to create endowments to support teaching and learning, academic research, and academic student scholarships in South Carolina's public colleges and universities.

| Current Funding - FY 03 | Requested Increase for FY 04 | Total Funding Requested |
|-------------------------|------------------------------|-------------------------|
| \$621,532               | 4,378,468                    | \$ 5,000,000            |



**Priority No.: 8**  
**Leadership Conference (Palmetto Project)**

The Leadership Conference is a collaborative effort between the Palmetto Project and the South Carolina Department of Education. The Conference was created in 1995 at the request of students and teachers whose schools were experiencing serious incidents of violence, aggressive behavior, and social alienation related to race, culture, and social status. Since that time, the Project has grown and matured. In addition to a statewide conference, it now has a team of individuals who travel to different high schools and work with local student task forces which have been trained through the Leadership Conference. Over 130 of the State's high schools have participated in this project.

The Leadership Conference is relevant to higher education in that much of the staff leadership is in the hands of the undergraduate and graduate students from the State's colleges and universities. These students and their professors use the conference as a hands-on learning opportunity in the fields of social work, psychology, education, and counseling. The Leadership Conference has also turned out to be a tremendous factor in both encouraging high school students to go on to college and choose a college in South Carolina.

| Current Funding – FY 03 | Requested Increase for FY 04 | Total Funding Requested |
|-------------------------|------------------------------|-------------------------|
| \$50,000                | 0                            | \$ 50,000               |

## **Lottery 1**

### **Continued Funding of Program - Lottery Funded**

During the 2002 Legislative session, and by the signature of the Governor, Act number 356 was passed which, as one of its major components, provided for the distribution of the lottery proceeds from fiscal years 2001-02 and 2002-03. The Act did not specify how future lottery proceeds were to be distributed. Therefore, with this budget request item, we are requesting that the following higher education items receive continued funding for future years:

#### **Items Funded from Lottery Proceeds:**

|  |                      |
|--|----------------------|
| Lottery Tuition Assistance             | \$ 34,000,000        |
| LIFE Scholarships                      | 40,000,000           |
| Lottery HOPE Scholarships              | 5,787,600            |
| Palmetto Fellows                       | 5,000,000            |
| National Guard Loan Repayment Program  | 1,500,000            |
| Research Centers of Excellence         | 30,000,000           |
| Technology Grants                      | 21,700,000           |
| Research & Technology Grant – SC State | 3,000,000            |
| Need-Based Grants                      | 3,000,000            |
| Teacher Grants                         | 2,000,000            |
| Private HBCU Maintenance & Repair      | 3,000,000            |
| subtotal:                              | <u>\$148,987,600</u> |

#### **Additional Item being Requested:**

|  |                      |
|--|----------------------|
| Additional Funding for Need-Based Grants | <u>\$ 17,000,000</u> |
| Total:                                   | <u>\$165,987,600</u> |

Since 1998, the state of South Carolina has increased its commitment to higher education by funding merit-based scholarships for students attending South Carolina public and independent colleges and universities. However, the state has not increased funding for the SC Need-based Grant Program since the program was initiated in 1998. Each year increasing numbers of low income students graduate from South Carolina high schools prepared to enter college. The recent Miles to Go Report from the Southern Regional Educational Board cited that 46% of South Carolina's K-12 students live at poverty or near poverty levels. These low income students from both rural and urban counties are confronted by significant financial barriers that limit access to higher education - including the steadily rising costs for higher education.

This unmet need, which is the cost of college attendance after all aid including loans is awarded, has caused lower income students to borrow heavily or abandon plans of college attendance. Unless reversed, the current pattern of funding merit based scholarships at much greater levels than need-based grants, will lead to an inevitable widening in college participation, persistence and completion gaps over the next decade. In order to assure that South Carolina

does not fall behind in the competitive global market and to assure that South Carolinian's young people are prepared to succeed in tomorrow's workforce, it is critical to support a balance of merit-based scholarships and need-based grants.

In the past year, \$15.5 million was appropriated for need-based grants, inclusive of \$3 million from lottery proceeds. The Commission estimates that there is a total need of at least \$35 million for need-based grants. Therefore, the Commission is requesting that the amount provided in lottery proceeds be increased by \$17 million to a total of \$20 million of lottery proceeds being dedicated to Need-based Grants.

